

Minutes of the proceedings of the City Council of the City of New Auburn in the County of Sibley and State of Minnesota including all accounts audited by said Council.

Regular Meeting
March 1, 2005

Motion by Mike Hauan, second by Jim Stark to adopt the New Auburn Business Subsidy Policy. Motion carried.

Motion by Jim Stark, second by Mike Hauan to renew the safety program through Safety First. Motion carried.

Motion by Jim Stark, second by Mike Hauan to have Bolton & Menk put together a proposal for engineering services for the Block 39 project. Motion carried.

There was a discussion regarding the community center, meetings are to continue with the VFW building committee.

Jim Stark is to get estimates for framing three aerial pictures of the city.

Motion by Jim Stark, second by Catherine Lorenz to appoint Eugene Grack as the Zoning Administrator. Motion carried.

Motion by Jim Stark, second by Catherine Lorenz to have Eugene Grack attend the storm water permit seminar conducted by Bolton & Menk on March 30, 2005. Motion carried.

Motion by Catherine Lorenz, second by Dennis Kuehl to approve the Treasurer's report as presented. Motion carried.

Motion by Mike Hauan, second by Dennis Kuehl to pay the bills. Motion carried.

Water & Sewer Operating & Maintenance Fund expenses .	\$ 14,308.58
Fire & Rescue Department Fund expenses	\$ 4,882.63
General Fund expenses	\$ 10,634.37
Total March 2005 expenses	\$ 29,825.58

Motion by Dennis Kuehl, second by Mike Hauan to adjourn. Motion carried.

Eugene E. Grack, City Clerk

CITY OF NEW AUBURN BUSINESS SUBSIDY POLICY

1. PURPOSE:

1.01 This policy's purpose is to establish the City's position and policies and set regulations in the use of tax abatement, tax increment financing, JOBZ incentives and other business assistance programs for private development. The city will use this policy as a guide in processing and reviewing applications requesting all forms of business assistance.

1.02 The city may waive or amend any part of this policy as allowed under state law.

1.03 Whenever the City of New Auburn invests public funds or agrees to voluntary tax or other revenue forfeiture, those projects created should benefit the community through the greatest number of new or retained jobs that pay a living wage. A project must also enhance economic growth in or near the City of New Auburn.

2. STATUTORY LIMITATIONS:

2.01 This policy is adopted in compliance with M.S. 116J.994 Subd. 2 and M.S. 469.310-469.320. A copy of this policy shall be submitted to the Department of Economic Development along with the first annual Business Subsidy report. All business subsidy or assistance requests must comply with applicable Minnesota law.

2.02 The City of New Auburn will require that a qualified business shall not compete with or displace any local businesses currently operating with-in the sub-zone.

3. DEFINITIONS:

3.01 "AUTHORIZED BUSINESS SUBSIDY SIGNATORY" means the Mayor, city clerk and deputy city clerk of the City of New Auburn, who is/are authorized by this policy to execute business subsidy agreements on the behalf of the City of New Auburn.

3.02 "JOBZ BUSINESS SUBSIDY" means tax exemptions or tax credits available to a qualified business located in a jobz zone under the Job Opportunity Building Zone statute M.S. 469.310- 469.320

3.03 "BUSINESS SUBSIDY OR ASSISTANCE" means a state, or local government grant, contribution of property, real property, infrastructure, principal amount of loan rates below those commercially available, any reduction or deferral of any taxes or fees, or any preferential use of government facilities given to a business as defined by Business Subsidy statute M.S. 116J.993- 116J.995.

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3.04 "BUSINESS SUBSIDY REPORT" means the annual report submitted by the LGU required to comply with M.S. 116J.994 Subd. 7 (b) through 116J.994 Subd. 8

3.05 "CRITERIA" means the equitably applied, uniform standards by which the City of New Auburn will base its decision to award any business subsidy to a private business or development project.

3.06 "DEED" means the Minnesota Department of Employment and Economic Development.

3.07 "HEALTH INSURANCE" means basic health insurance provided by the employer of a minimum of 80% of premium coverage with a maximum yearly deductible of \$1,000. or the current coverage as defined by State Statute.

3.08 "LIVING WAGE JOB" means a job shall pay wages AND benefits that at least total the rate of 110% of the current poverty level for a family of four.

3.09 "LGU" means the Local Governing Authority.

3.10 "Qualified business" means the "recipient" as defined by the business subsidy policy and any business located with-in a JOBZ ZONE participating in any business subsidy agreement. A qualified business SHALL NOT INCLUDE a low-wage service business, an agriculture PRODUCTION business, or a business that pays less than the living wage as defined in this document.

3.11 "RECIPIENT" means any business entity that receives any business subsidy as defined by M.S. 116J.993, and that has signed a business subsidy agreement with the city of New Auburn.

3.12 "RE-LOCATING BUSINESS" means any business relocating to New Auburn's JOBZ ZONE from a non-JOBZ ZONE location.

3.13 "RELOCATION AGREEMENT" means a binding written agreement between a re-locating business and the commissioner of DEED pledging that the qualified business will either A) increase the full time employment in the first year of operation with-in the JOBZ ZONE by 20% or B) make a capital investment on the property of not less than 10% of the gross revenues of operation for the previous tax year, and provides for the repayment of all tax benefits if requirements A or B are not met.

3.14 "SUBZONE" means the parcel of land designated by the commissioner of DEED with-in a JOBZ OPPORTUNITY BUILDING ZONE with-in the city of New Auburn.

3.15 "ZONE" means A Job Opportunity Building Zone or an agricultural Processing Facility Zone as designated by DEED under M.S. 469.314.

4. BUSINESS SUBSIDY REQUIREMENTS

4.1 The applicant must demonstrate a need for government subsidizing for the project to be successful. The applicant shall have utilized every possible private investment in the project.

4.2 The applicant must provide any required market and financial feasibility studies, appraisals, information provided to private funding sources, and any other information the city of New Auburn may require to review the project.

4.3 An applicant must demonstrate past successful business endeavors.

4.4 The project must be in accord with the City of New Auburn's comprehensive plan and zoning regulations.

4.5 The applicant must retain ownership of the project for the length of the business subsidy agreement or sign a binding written agreement with the City of New Auburn for any terms that could not be met during the applicant's ownership of said project.

4.6 The applicant must demonstrate the ability to repay the business assistance if the goals set forth in the business subsidy policy are not met.

4.7 The hourly wage to be paid for the jobs created as a result of receiving business assistance cannot be less than 110% of the poverty level for a family of 4, not including benefits.

4.8 The applicant must demonstrate evidence of required equity and other project funding sources.

4.9 The recipient, in the case of a qualified non-JOBZ-ZONE business subsidy, shall create and retain at least 1 full-time living wage job and provide health insurance for each \$25,000 of subsidy received. The jobs shall be created **with-in** one year of project operations.

4.10 The recipient of the business subsidy must agree to continue operations in the jurisdiction where the subsidy is used for the duration of the subsidy agreement term.

4.11 The business shall identify an operation start date when business operations for the proposed project shall begin.

4.12 The project must be located **with-in** the city of New Auburn.

4.13 The project cannot be in direct competition with any existing business in the subzone in the city of New Auburn.

4.14 Anytime the city of New Auburn provides a JOBZ ZONE subsidy, the recipient is subject to the wage goals, job goals, and other criteria as set forth in state statute M.S. 116J.993- 116J.995 and the JOBZ statute M.S. 469.310-469.320. In JOBZ ZONE subzones with-in the city of New Auburn, JOBZ statute shall over-ride local policy.

4.15 The city of New Auburn may deviate from the wage and job criteria found in this document by documenting in writing the reasons for said deviation and attaching a copy of said document with the next annual Business Subsidy report submitted to DEED.

4.16 The recipient shall agree to attend any public hearings upon the city of New Auburn's request involving the subsidy being requested.

5.BUSINESS ASSISTANCE PROJECT APPROVAL

5.01 The city council of New Auburn shall review all applications for business assistance, but is not required to grant any business subsidy.

5.02 The assistance must meet applicable financial and legal requirements and policies.

5.03 The city of New Auburn shall consider, evaluate and take action regarding a completed Business Subsidy application with-in 60 days after receiving the application.

5.04 The city of New Auburn may hold a public hearing before granting or denying the business assistance. The city will publish notice of the hearing at least 10 days before the scheduled hearing.

5.05 If the city decides to grant a subsidy, the applicant and the city will enter into a business subsidy agreement that shall contain at least these elements:

- a) A description of the assistance, type, and amount and any type of tax increment financing provided.
- b) A statement of how the assistance is to be used.
- c) A list of specific goals for the business assistance.
- d) A description of the recipient's financial obligations if the goals are not met.
- e) A statement of why the subsidy is needed.
- f) The recipient's commitment to continue operations in the City of New Auburn for the length of assistance, or other commitment agreed upon in writing by the recipient and the city of New Auburn.
- g) A detailed list of all financial assistance by all grantors of the project.
- h) Goals for the number of jobs created or retained, wage goals for the jobs created and goals attainment dates.

5.06 The city of New Auburn may impose a fee upon recipient for application review or aid in application process as defined in section 6 of this document.

5.07 The city of New Auburn may require the applicant to cover any legal costs associated with the application review or subsidy policy agreement.

6. FEES and APPLICATIONS

6.01 All requests for business subsidies must include a Business Subsidy Application which can be received at the city of New Auburn's city office.

6.02 The city of New Auburn may ask for additional information.

6.03 The applicant will include a fee of \$100.00 with the submission of a subsidy request.

6.04 The city may impose other fees as warranted. The recipient may negotiate with the city concerning any additional fees separate from the subsidy application fee.

6.05 Any legal fees associated with the business subsidy requested or granted shall be the sole responsibility of the applicant/recipient.

6.06 The city of New Auburn reserves the right to waive fees, or amend the set application fee as needed. Any amendments shall be included in the business subsidy agreement.

CITY OF NEW AUBURN

APPLICATION FOR BUSINESS ASSISTANCE:

LEGAL NAME _____
ADDRESS: _____
PHONE : _____ -FAX : _____ -E-MAIL : _____
PRIMARY CONTACT PERSON: _____
TYPE OF BUSINESS (PARTNERSHIP, CORP. ETC.) _____
DESCRIPTION OF BUSINESS: _____

SECONDARY CONTACT PERSON: _____
MAILING ADDRESS IF DIFFERENT FROM SITE ADDRESS: _____

ADDRESS APPLICABLE FOR BUSINESS ASSISTANCE IF DIFFERENT FROM
ABOVE LISTED ADDRESSES: _____

ATTORNEY: _____
ATTORNEY'S PHONE # : _____ FAX#: _____

PROJECT INFORMATION:

LOCATION OF PROPOSED PROJECT _____

AMOUNT OF BUSINESS ASSISTANCE REQUESTED: _____
NEED/REASONS FOR ASSISTANCE: _____

PRESENT OWNERSHIP OF SITE: _____

NUMBER OF new PERMANENT JOBS TO BE CREATED AT SITE _____

ESTIMATED ANNUAL SALES: PRESENT _____ FUTURE _____

MARKET VALUE FOLLOWING PROJECT COMPLETION _____

ANTICIPATED START DATE: _____ COMPLETION DATE: _____

ESTIMATED COSTS FOR PROJECT:

- a) LAND ACQUISITION _____
- b) SITE DEVELOPMENT _____
- c) CONSTRUCTION COSTS _____
- d) LEGAL FEES _____
- e) MACHINERY/EQUIPMENT COSTS _____
- f) ENGINEERING COSTS _____
- g) ARCHITECTURAL COSTS _____
- h) OFF-SITE DEVELOPMENT COSTS _____

i) OTHER (LIST) _____

FINANCIAL BACKGROUND:

HAVE YOU EVER FILED FOR BANKRUPTCY? _____
IF YES, EXPLAIN: _____

HAVE YOU EVER DEFAULTED ON ANY LOAN COMMITMENT? _____
IF YES, EXPLAIN: _____

HAVE YOU APPLIED FOR CONVENTIONAL FINANCING? _____
IF YES, PLEASE LIST ALL LENDERS : _____

LIST FINANCIAL REFERENCES: _____

HAVE YOU EVER USED BUSINESS ASSISTANCE FINANCING BEFORE? _____
IF YES, WHAT, WHEN AND WHERE: _____

FINANCING SOURCES:

- a) PRIVATE LENDING INST. \$ _____
- b) APPLICANT EQUITY \$ _____
- c) OTHER PRIVATE FUNDS \$ _____
- d) FED. or STATE GRANTS: \$ _____
- e) FED or STATE LOANS \$ _____
- f) REQUESTED ASSISTANCES _____
list by type< tax increment,
tax abatement, etc> \$ _____
\$ _____
- g) OTHER PUBLIC FUNDS \$ _____
- h) OTHER \$ _____

TO BE CONSIDERED FOR ASSISTANCE, INCLUDE ALL OF THE FOLLOWING:

1) A MAP SHOWING THE PROPOSED DEVELOPMENT'S EXACT BOUNDARIES.

2) A GENERAL DESCRIPTION OF THE PROJECT, INCLUDING THE SIZE AND PLACEMENT OF ALL BUILDINGS, THE BUSINESS TYPE, OR USE.. TRAFFIC INFORMATION (SUCH AS PARKING, TRAFFIC FLOW, ETC), THE PROJECT'S TIMING, ESTIMATED VALUE BEFORE AND AFTER PROJECT COMPLETION, AND ANY OTHER PERTINENT INFORMATION.

3) THE PROPERTY'S CURRENT ZONING, AND ANY CHANGES TO EXISTING ZONING LAWS THAT WOULD BE REQUESTED.

4) A STATEMENT IDENTIFYING THE PUBLIC BENEFITS TO THIS PROJECT.

5) A STATEMENT DETAILING THE ASSISTANCE BEING REQUESTED, HOW THE ASSISTANCE WILL BE USED, AND WHY THE ASSISTANCE IS VITAL TO THE PROJECT MOVING FORWARD.

6) A WRITTEN DESCRIPTION OF THE APPLICANT AND DEVELOPER, INCLUDING QUALIFICATIONS, EXPERIENCE, AND OTHER PERTINENT INFORMATION.

7) BANK'S PRELIMINARY FINANCIAL COMMITMENT

8) PROJECT PLANS, DRAWINGS, BLUE-PRINTS

9) BUSINESS AND PERSONAL FINANCIAL RECORDS AND STATEMENTS*

* FOR THE LAST 3 YEARS

10) STATEMENT OF PROPERTY OWNERSHIP, OR PENDING PURCHASE AGREEMENT.

11) PAYMENT OF APPLICATION FEE.

I UNDERSTAND THAT THE APPLICATION FEE WILL BE USED BY THE CITY OF NEW AUBURN TO HELP COVER CITY STAFF AND CONSULTANT COSTS ASSOCIATED WITH REVIEWING THIS APPLICATION:

SIGNATURE:

APPLICANT'S SIGNATURE: _____

DATE : _____